Appendix One

TRUE COOPERATIVE INDIVIDUALISM

An Argument on the Plan of Fairhope Industrial Association[191]

The present social and economic order is doomed. In the height of its marvelous achievements it bears within itself the seeds of its own destruction. Clear headed economists and warm hearted philanthropists long ago pointed out and denounced its enormous waste of human energy and natural resources and its hideous injustice and cruelty. It has been "weighed in the balance and found wanting." It must go! that is settled! but the very serious fear presents itself that we who now recognize and denounce its evils and are striving to unite a majority of its victims for its overthrow, may go before it goes—in waiting the slow movement of

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191 Available evidence suggests that Gaston completed the first version of this essay in August of 1893 and that he sent it out then to a small group of men, most of whom he had corresponded with earlier about the National Cooperative Company, hoping to interest them in a new colony venture based on the ideas discussed in the essay. He probably revised it slightly when he read it to twelve Populist Party associates in his office on January 4, 1894. It was at this meeting that a decision was made to draw up by-laws and a constitution for a new community, based on the ideas presented in the essay. After the constitution was drawn up for the Fairhope Industrial Association the essay was put in its final form. It is this version that appears here. It was first published in *Liberty Bell*, April 28, 1894. It appeared in the *Courier*, shortly after the colony was established, in two installments, on February 15 and March 1, 1895. It was distributed, in printed forms that have not survived, well before this. One correspondent, for example, wrote to Gaston of having read his article on "Cooperative Individualism" three months before it appeared in *Liberty Bell*. D. N. Hartley to EBG, January 30, 1894.

majorities.

To the one who has the true spirit of a reformer present conditions are almost unbearable. Even though his own financial and social standing may be secure; the injustice and attendant want, misery, hardships and despair everywhere apparent fill his life with sadness—but the qualities of mind and heart which mark the reformer and philanthropist are a serious disqualification for financial success under existing conditions.

With the constant narrowing of opportunities, as one industry after another goes into the hands of trusts and the broad acres of our common heritage pass under the control of speculators, competition becomes so fierce that none can hope to succeed but those in whom heredity and training have most developed the commercial instinct.

The man who pauses in the mad rush for wealth to study the causes of increasing poverty amid rapidly accumulating wealth, or who knowing the cause, gives of his time and means to the enlightenment of his fellowmen is almost certain to fall far behind in the race and to be looked upon as a failure, not alone by those who have left him in the rear, but even by the more unfortunate for whom he has striven. Under the pressure of such circumstances the reformer must face the alternative of being true to his higher convictions at the expense of material comfort for the present and safe provision for the future, or, turning his back on what he knows to be his true self and higher convictions, pursue with the utmost concentration of his energies the prize of material gain.

There is but one way to escape this dire alternative—that the way pointed out, not alone by the natural promptings of the reformer's heart but, by the "logic of events" which has forced the fiercest antagonists in business into associations for mutual protection.

The earth is as fruitful, nature smiles as brightly, and rewards effort as bountifully as if no "inhumanity of man to man made countless thousands mourn."

What more reasonable, more practical, than for those who understand the devices by which the labor of the many is taken for the profit of the few, to unite for the elimination of the land speculators, the usurers, the monopolists of public service, and all the other parasites who fatten upon industry compelling the producer to gnaw the bone while they eat the meat.

Believing not only in the wisdom and practicability of such an effort, but that it offers the only hope of present escape from the deplorable conditions everywhere

prevalent, the plans herein presented have been formulated for a model community to be free from all forms of private monopoly, and which will insure to its members equality of opportunity, the full reward of individual efforts and the benefits of co-operation in matters of general concern.

In presenting to our co-laborers in the work of economic reform these plans, we do so believing that they must appear to them as to us, an open door to wider opportunities for usefulness and greater possibilities of individual profit and enjoyment. Greater opportunities for usefulness, for they that shall make good theories work and prove the value of proposed social solutions by practical demonstration, will do far more to move the world than the wisest and most brilliant theorists. Greater possibilities for legitimate individual profit, because securing the full product of their labor and the opportunity to exchange it for the products of others with the minimum of friction and loss; and of happiness, because associated with congenial spirits and co-operating with them to secure the utmost of comfort and culture.

These plans are submitted not as the views of a dreamer but as a practical business proposition to practical men and women; not as plans requiring for their successful fulfillment, qualities properly supposed to belong to angels, (certainly not visible at present in human kind) but the result of the joint efforts of many, agreed on fundamental economic principles, to apply them in harmony with the known and constant springs of human action.

We have not been carried away by dreams of an ideal society from which selfishness was banished and men sought only the happiness and good of others.

We have sought to build for humanity as it is—not the worst, not the best—but plain every day average humanity seeking its own interest.

Our motto is not "each for all and all for each" but "every one for himself—under the law of equal freedom." Not "from each according to his ability and to each according to his needs," but "equal opportunities to all and to the laborer the full product of his labor."

The framers of the constitution of Fairhope Industrial Association have kept steadily in view two great laws of human nature and human rights: "All men seek to satisfy their desires with the least exertion" and "Every man has freedom to do all that he wills, provided he infringes not the equal freedom of any other man."

To the lack of a proper recognition of these fundamental principles may be traced the multitude of failures of social experiments which have done so much to discourage reformers and to strengthen the position of those who insist that what

is, is right and must continue.

Ignoring the first, experiments in community building have utterly failed to measure the dominant forces of human nature. Failing to recognize the second, they have substituted the tyranny of the community for the tyranny of individuals, and the last state has been almost, if not quite, as bad as the first.

We believe that one of the most common and most grievous errors cherished by social reformers is that "Society" (with a big S) is possessed of rights and powers superior to those of its individual components. While vehemently denying the right of one individual to control of the person or products of another, they as vehemently assert the right of "Society" to direct the action of all individuals and determine the share of each in the joint product.

We hold that individuals have certain natural, inherent and inalienable rights which society cannot possibly acquire any right to suspend or abrogate and that chief among these is the right of each to the exercise of his own powers for his own benefit and to the use and enjoyment, equally with all others, of natural opportunities.

A Pure Democracy

In form and practice our community is to be a pure democracy. Every adult member, without regard to sex, having an equal voice in its affairs, PERSONS will rule instead of PROPERTY. The organization in this respect conforms more nearly to the rule in municipal corporations than to the ordinary corporations for pecuniary profit. There can under such rules be no possibility of a few stockholders, through the control of a majority of the stock, "freezing out" the remaining stockholders, sacrificing their interests of subverting their rights. Each member has for guarantee of the permanent enjoyment of the advantages obtainable through such organization, the like and equal interest of all his fellow members.

The Initiative And Referendum

By the initiative and referendum all legislative power is reserved in the whole people, and never delegated to a part, the powers and duties of the officers of the company being confined to executing the laws made by the whole membership and suggesting legislation to be submitted for their final approval or rejection. Partisan politics as now known, cannot exist with the initiative and referendum. Party tyranny which is almost always exercised in the interest of a few men is shorn of its power when measures are voted for instead of men.

Salaries Not To Exceed Average Earnings

By constitutional guarantee that salaries of officers shall not exceed the average earnings of like energy and ability in productive industry, the tendency to corruption in office and the creation of an office holding aristocracy, which is a marked feature of existing conditions, will be corrected. "Public office" will then indeed by a "public trust" and will be sought and bestowed as a recognition of ability and trust reposed, rather than for its opportunities of personal aggrandizement.

Land

In its provision for land holding and use, our plan applies in the only practical and satisfactory way the law of equal freedom, permanently securing the equal rights of all its members in the use of natural resources.

Obviously equal rights in land cannot be secured by an apportionment of equal areas because tracts of equal area vary greatly in value from differing advantages of location and natural qualities. Experience demonstrates, too, that even though an apportionment of equal values should be made, such values could hardly be expected to remain in equilibrium for a year, certainly not permanently. The only way to maintain this equilibrium, to secure from year to year the equal rights of all members in the common domain, is to ascertain annually the relative value of all tracts (exclusive of improvements) and to collect from each the amount required to equalize all land holdings.

The requirement of permancy of possession, which experience has shown to be beneficent, is secured by perpetual lease, voidable only by the lessee; while the freeing of labor-added values from taxation will encourage every improvement calculated to increase the use-value or add to the enjoyment of the possessor.

The fund thus provided and the taking of which by the community is absolutely necessary to maintain equality of opportunity will be ample for all community purposes, increasing naturally as the needs of the community increase and doing away with all necessity for levy of taxes upon the persons, or labor-created property of others.

Land speculation and monopolization will be effectually destroyed by removing all incentive to the holding of land except for use.

As this system could not be enforced under existing laws against individual land owners the association, as the trustee for all its members, will retain the title to all lands upon which its community is located.

Public Utilities

In the control and operation, by the association, of all "public utilities" the comfort and convenience of the members will be made the first consideration therein, instead of the pecuniary profit of a few investors. Vast sums will be saved to the people, which under the prevailing plan flow into private pockets, and the people of a small community be enabled to enjoy advantages afforded now only by the largest cities, and at much less cost.

The officers of the community will be protected from the corrupting influence exerted by franchise holders seeking to retain or increase their advantages.

Light, power, water (and heat if necessary), will be supplied from the most advantageous point, and will be under one management, and as the land, freed from private speculators, will be so platted as to group the population, without crowding, around a common center, the saving to be effected in these departments can hardly be estimated. It will certainly bring within the command of all those conveniencies [sic]—even necessities—of modern civilization which are now denied entirely to our rural population, and are so expensive that they can be afforded by a very few, comparatively, in the cities.

Insurance of persons and property will also be conducted by the company at the lowest possible cost consistent with absolute safety.

It will be the purpose of the association to supply all these advantages at the earliest practicable moment and the most essential will be furnished as soon as settlement is made upon the chosen site.

Among other things conducive to the comfort, pleasure and elevation of its members which it will be the purpose of the company to provide, as soon as possible, free of charge to individuals, will be public schools, libraries, parks, baths, etc., and to make free speech an actuality, an adequate place of public assemblage, free to all citizens desiring to use, under such regulations only as will secure its proper care and the equal enjoyment thereof by all.

Commercial Features

The commercial advantages to be secured are many and great. A very large part of the cost to the consumer, of almost all commodities, is added after the producer has parted with them, in the complex and antagonistic method of modern exchange. The interests of both producer and consumer demand that the cost of distribution be made as low as possible. If distribution can be so organized that one man can perform the work of two or four without organization, common sense

dictates organization. Experience and observation must convince everyone that such a result can be effected by co-operative distribution. The universal approval of government operation of the postal system attests the conviction of all that the efficiency of the service is thus greatly increased and the cost greatly lessened over what it would be with the business in charge of many rival companies. The same reasoning applies with equal force to distributive merchandising.

There are often in a single block a half dozen places for the sale of the same lines of merchandise, occupying a half dozen store rooms, paying rent or taxes thereon, and for light, heat, water, fire and police protection, street paving, cleaning and lighting, insurance, clerks, book-keepers, interest on capital invested in duplicate stocks, etc., where any one of the six with slight increase in space occupied, capital invested and help employed, could serve the trade now divided among all with equal convenience, and, if the saving thus made were divided among the patrons, to their far greater satisfaction. Nor would any hardship be imposed by such a consolidation upon the persons now engaged in such business either as principals or employees. The fierce competition among retail dealers, losses from bad accounts, demoralization or prices by bankrupt stocks thrown on the market at less than ordinary cost to the dealer, and the many other hazards of business, cause a very large percentage of failures in retail trade and keep the survivors filled with anxiety, while for the employees nothing can be expected but a bare living.

By the cheapening of labor products to the consumer, through the great saving effected in co-operative distribution, consumption will be greatly increased and all who are displaced in distribution will be needed in production; while the freeing of the land, the great passive factor in production, will equalize opportunities and enable the employed to secure from the capital investing employer their fair share of the joint product. Producer and consumer will alike be benefited in the greater stability of prices under organized distribution and in the facilities afforded for collecting statistics of relative production and consumption. In its provisions for acting as the agent of its members in the sale of their products outside its limits, our association will apply this rule in dealing directly with the great trade centers of the world's markets, missing the products of many individuals in quantities best suited to the demands of the market, and saving for the producers the share of their product which now goes to local buyers and intermediate brokers in profits, commissions, shortages and the many technical terms which represent the pluckings of middlemen. Other advantages might be shown the chief of which will appear in

the discussion of the proposed financial system.

These Rules Do Not Apply To Production

It may appear to some that the rules here laid down in regard to distribution apply to production as well, and that considerations of equal weight demand that the association conduct productive as well as distributive activities, according to the plans of extreme socialists. Careful reflection, however, will, we think, convince anyone that these two great departments of human activity rest on an entirely different basis.

It has been said that competition is war, and all war is destructive, but this is not true. War of individual against individual and nation against nation is destructive, but the conflicts of individuals against the forces of nature are not destructive, but productive. The trade for which men compete in merchandising is practically a fixed quantity. The effects of their strife are shown in the relative shares of that trade gained by each. One thrives at the expense of the other and ofttimes competition, which has been called "the life of trade," proves "the death of traders." It leads to a duplication of efforts in which one is lost. A housewife has a bill of groceries to order, agents of two rival groceries competing for her trade call for her order, one gets it, and the other gets —left, and his efforts are just as much wasted as if he had amused himself by carrying bricks from one pile to another and back again. The same wasteful duplication of effort, though on a more expensive scale, is seen in the contests of rival wholesalers for the trade of retailers.

Competition In Production

brings exactly contrary results. Every motion of an arm or revolution of a wheel is made effective. Human labor and the harnessed forces of nature are utilized to the utmost limit of knowledge. The inventive genius is constantly exercised in devising methods and machinery by which their efficiency may be increased. Under competition production is immensely stimulated, processes cheapened and there is a constant tendency for prices to reach the lowest possible cost of production.

Production differs from distribution, again, in that primarily the individual producer is alone concerned in it. There is a very large part of production in which the producer is also the direct consumer. The farmer and his family consume in large part the fruits and vegetables, the milk and butter, the poultry and eggs, and

other products which they produce. It is only the surplus which seeks consumers in the markets, in which the balance of the community is in any wise concerned, and in it their interest and that of the producer is the same, viz: to effect its distribution from one to the other with the greater economy, which can only be done by co-operative distribution as we have shown.

Distribution, however, necessarily involves the interest of more than one individual, and in our complex industrial system generally many, thus logically calling for co-operation to secure mutual benefits.

Leaving production free to individual enterprise furnishes also a scientific solution for the wage problem of those engaged in the public service or in the employ of others, the earnings of like ability and energy in free productive industry being the standard.

Regarding manufacturing enterprises requiring large capital and the labor of many workers, the policy of the association will be to foster voluntary co-operation of both capital and labor investors, but where such enterprises seem vital to the success of the colony, and cannot practicably be secured otherwise, the association may establish and conduct the same as self-supporting departments of its business.

Let it, however, be distinctly borne in mind that, while the association will engage in distributive (and under certain circumstances productive) enterprises it will assume no authority to prohibit any individual member of the community from engaging in any of these enterprises. If any individual should desire to enter into competition with the company's stores he has the undeniable right to do so. If he pays to the community the full rental value of the land he uses he has as much right to establish a grocery upon it and solicit the trade of his fellow citizens as he has to raise potatoes upon it; and other members of the community have the same right to trade with him, if they choose, instead of at the associates stores. In fact, however, it is clear that none would care to enter into competition with the communal system of organized distribution conducted at cost and with the advantages accruing from doing business on a large scale, nor would anyone want to trade away from the company store when it would be impossible for any private store to sell so cheaply.

Financial

A commonly accepted medium of exchange is recognized as a necessity of an advanced civilization. Manifestly it is something which individuals cannot

supply each for himself, and which, therefore, it is the duty of the nations to supply in sufficient quantities and on equal terms to their people. The national government under which we live has, however, refused to discharge this plain obligation, but on the contrary, has practically given over to a few non-producers, whose chosen occupation has been recognized by philosophers in all ages as a curse to industry and a menace to liberty, the full control of the financial system of the country, thus making what should be one of the chief aids to the prosperity and advancement of all people, one of the chief instruments for the virtual enslavement of the many by the few.

In its provisions for supplying its members with a safe, adequate and independent medium of exchange will be found one of the most valuable features of our enterprise. We accept the definition of money given by the well known political economist, Francis A. Walker, and approved by the Encyclopedia Britannica: "That which passes freely from hand to hand throughout the community in final discharge of debts and full payment for commodities, being accepted equally without reference to the character or credit of the person who offers it, and without the intention of the person who receives it, to consume it or enjoy it or apply it to any other use than in turn to tender it to others in discharge of debts or payments for commodities."

To supply its members with such a medium our association will issue its non-interest bearing evidences of indebtedness, in whatever form is most convenient and not in conflict with United States statutes, preferably in the form of scrip of the familiar denominations of U. S. currency, which will be put in circulation by paying it out for products offered for sale to or through the association, for advances on non-perishable property stored in the association's warehouses to a safe percentage of its value; for salaries of officers and employees of the association and for services of any kind performed for it.

These evidences of indebtedness the association will receive at their par value in the hands of whomsoever presented, in whatever quantities, for all dues or obligations to the association of whatever nature. As the members of the association will be indebted to it annually for rentals of land occupied by them, and as the association will conduct all public utilities and through its commercial department furnish all staple articles of merchandise, the "redemption" thus provided is full and complete.

Some Things The Association Will Not Do

Perhaps the plans of our association will be made more clear by specifying some of the things which it does not propose to do, for it is in these that it differs most from other experiments to found model communities. It does not propose to control ALL the activities of its members; to say what each shall do and what compensation he shall receive for doing it. It does not propose to interfere in any way with the religious beliefs and practices or social intercourse of individuals—to dictate what kind of houses they shall build or what style of clothes they shall wear; to whom they shall sell or of whom they shall buy.

We have here presented the chief features of an association under whose rules we feel confident can be secured advantages which can not be hoped for outside of it or kindred organizations with the lifetime of this generation at least a community wherein he who labors will reap the fruits of his labor, no less, no more; where no robber barons armed with special warrants under the law will bar access to the bounties of nature, or stand on the highways to exact toll from labor caravans; where men instead of wasting their energies in contests where both are sure to lose will join intelligently to make the labor of both most effective; where there will be every incentive to industry and none to idleness; where the necessities of the people will be the concern of all instead of the opportunity of a few; where there will be neither the isolation of the farm nor the crowding of the city; but where the farmer and the worker in store or in factory will enjoy advantages now denied to both; where men, always including women, will be the rulers and wealth the servant. A community, in short, where intelligent men and women, drawn together by a common purpose, will strive to make practical applications of the best thoughts of the best minds of all ages to a solution of the problems which threaten to-day the existence of every nation of the globe. In such an effort we invite the co-operation of all of kindred aims.

ERNEST B. GASTON
Des Moines, Iowa, Jan. 15th, 1894.